

DESOTO PARISH SHERIFF
Mansfield, Louisiana

Annual Financial Statements
For Year Ended June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1 / 25 / 06

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DESOTO PARISH SHERIFF
Mansfield, Louisiana
Annual Financial Statements
As of and for the Year Ended June 30, 2005

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Independent Auditor's Report

DeSoto Parish Sheriff
Mansfield, Louisiana

I have audited the accompanying financial statements of the governmental activities, the aggregate remaining fund information as well as the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff, as of and for the year ended June 30, 2005, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the DeSoto Parish Sheriff's management. My responsibility is to express opinions on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate remaining fund information, the aggregate nonmajor governmental funds and each fiduciary fund type of the DeSoto Parish Sheriff as of June 30, 2005, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information schedules on pages 30 through 35 are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the DeSoto Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis pages 3-9 and the budgetary comparison information on page 26 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 23, 2005 on my consideration of the DeSoto Parish Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of any audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Delrah D. Allen, CPA

Mansfield, Louisiana
December 23, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

DeSoto Parish Sheriff
Mansfield, Louisiana
Management's Discussion and Analysis (Unaudited)

Within this section of the DeSoto Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is pleased to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2005. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

The Sheriff's assets exceeded its liabilities by \$3,547,068 (net assets) for the fiscal year reported. Total net assets are comprised of the following:

- Capital assets of \$359,128 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase of capital assets.
- Unrestricted net assets of \$3,133,348 which represents the portion available to maintain the Sheriff's continuing obligations to citizens and creditors.
- Restricted net assets of \$54,592 represent grant amounts to be used for the Drug Task Force, DARE, and OJP projects.

The Sheriff's governmental funds report total ending fund balance of \$3,313,164 this year. This compares to the prior year ending fund balance of \$2,894,000 showing an increase of \$419,164 for the current year. At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$3,222,402 or 67% of total General Fund expenditures and 61% of total General Fund revenues including transfers. Overall, the Sheriff's office continues to maintain a strong financial position. The financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Sheriff's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes. The sole purpose of these governmental activities is public safety. The government-wide financial statements are presented on pages 10 and 11 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives. The basic governmental fund financial statements are presented on pages 10-11 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds. The fiduciary fund financial statements are presented on page 12-13 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general fund and the special revenue funds. These statements are schedules demonstrating compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 26 of this report.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

The Sheriff implemented the new financial reporting model used in this report beginning with the fiscal year ended June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff as a whole. The following table provides a summary of the Sheriff's net assets:

SUMMARY OF NET ASSETS

	June 30, 2005		June 30, 2004	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
ASSETS				
Cash and interest-bearing deposits	\$ 3,177,679	85.54%	\$ 2,771,577	85.56%
Other receivables	177,838	4.79%	154,750	4.78%
Prepaid items	400	0.01%	600	0.02%
Capital assets, net	359,128	9.67%	312,022	9.64%
TOTAL ASSETS	3,715,045	100%	3,238,949	100%
LIABILITIES				
Current liabilities:				
Accounts and other accrued payables	42,753	25.45%	32,927	26.98%
Long-term liabilities:				
Compensated absences	125,224	74.55%	89,117	73.02%
TOTAL LIABILITIES	167,977	100%	122,044	100%
NET ASSETS				
Invested in capital assets	359,128		312,022	
Restricted for other uses	54,592		89,301	
Unrestricted	3,133,348		2,715,582	
TOTAL NET ASSETS	\$ 3,547,068		\$ 3,116,905	

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Continued)

The Sheriff continues to maintain operations with no long term debt. This is an indication of the Sheriff's ability to pay obligations as they become due. The Sheriff reported positive balances in net assets for the governmental activities. Net assets increased by \$430,163 for governmental activities in fiscal year 2005. Also, note that only 10.01% of the governmental activities' net assets are tied up in capital assets. The Sheriff uses these capital assets to provide services to its citizens.

Comparative data for government-wide information is presented as it accumulates and is presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net assets:

	June 30, 2005		June 30, 2004	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
REVENUES:				
Program:				
Charges for services/fines	\$ 1,430,519	26.72	\$ 1,348,441	31.45
Operating and capital grants	365,008	6.82	521,375	12.16
General:				
Property taxes	2,249,123	42.02	2,223,602	51.86
Sales tax	1,060,369	19.81		
Video poker	85,672			
Unrestricted state grants	54,253	1.01	63,721	1.49
Interest	77,037	1.44	23,969	0.56
Miscellaneous	31,027	0.58	106,553	2.49
TOTAL REVENUES	<u>5,353,008</u>	<u>100%</u>	<u>4,287,661</u>	<u>100%</u>
PROGRAM EXPENSES:				
Public safety	<u>(4,922,845)</u>	100%	<u>(4,130,266)</u>	100%
TOTAL EXPENSES	<u>(4,922,845)</u>		<u>(4,130,266)</u>	
CHANGE IN NET ASSETS	430,163		157,395	
BEGINNING NET ASSETS	<u>3,116,905</u>		<u>2,959,510</u>	
ENDING NET ASSETS	<u>\$ 3,547,068</u>		<u>\$ 3,116,905</u>	

Governmental Revenues

The Sheriff is heavily reliant on property taxes to support its operations. Property taxes provided 42.02% of the Sheriff's total revenues. Beginning October 2004, the Sheriff also has a one-half cent sales tax assessment for officer salaries. Because of the Sheriff's healthy financial position, we have been able to earn \$77,037 in interest earnings to support governmental activities. Also, note that program revenues cover only 36% of governmental operating expenses. This means that the government's taxpayers and the Sheriff's other general revenues fund 64% of its operations.

Governmental Functional Expenses

The total function of the Sheriff's office is public safety-law enforcement activities. Of the total costs, depreciation on the office equipment and vehicles was \$212,022 or 4.3% of total expenses.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE (Continued)

Major Governmental Fund

The General Fund is the Sheriff's primary operating fund and the largest source of day-to-day service delivery. The General Fund's 2005 fund balance increased by \$432,168. Several factors contributed to this fund increase. Overall, revenues from all sources for the year increased by \$1,205,276. This was primarily due to an introduction of a one-half cent sales tax; an increase of \$1,060,369, or 87% of the total increase in revenues. Expenditures reflect an increase of \$885,723 over last year, or about 19%. Of this increase, \$553,059 was in personal service and related benefits, or 62%. Operating services increased by \$144,642; material and supplies by \$131,192; capital outlays, \$66,415; and travel and other charges decreased by \$9,584.

Non-major Governmental Funds

The other non-major funds that the Sheriff's office maintains are those related to DARE, Task Force activities, a Grant Fund, and the Commissary. The primary revenue stream in the Tri-Parish Task Force is a federal grant for narcotics investigations, which increased this year by \$9,019. Expenditures for this fund also increased primarily due to a increase in personal services and benefits by \$10,361. DARE's primary activities are for the salary and expenses related to a deputy for drug intervention/education for children. The revenue for this fund increased this past year, while the expenditures remained fairly constant. The Grant Fund is used to account for grant monies received for specific equipment purchases and deputies' overtime pay related to criminal patrol. This past year, overtime pay to deputies for criminal patrol was not utilized. However, monies were used to purchase equipment. The Commissary Fund is used to account for activities related to the needs of inmates while in the Sheriff's custody.

The non-major fund/Special Revenue Fund's revenues decreased by \$86,831 over 2005 while the expenditures decreased by \$28,283. The net effect, after other financing sources effects, was a fund balance decrease of \$13,004 for 2005 versus the 2004 net increase of \$34,291. Part of the changes that affected the Special Revenue Funds was a decrease in forfeitures collected through the task force efforts.

BUDGETARY HIGHLIGHTS

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Total Governmental funds reported ending fund balances of \$3,313,164. Of this year-end total, 98% is unreserved, indicating availability for continuing the Sheriff's activities. The total ending fund balances of governmental funds showed an increase of \$419,164.

BUDGETARY HIGHLIGHTS (Continued)

General Fund

The General Fund's original and final revenue budgets were more than the actual amounts reported in fiscal year 2005. The final amended budget reported revenues increasing 27% over the original budget and the actual was 0.04% above the final budget revenue. Some of the reasons for the increase in revenue include:

- An increase in civil fees
- An increase in feeding & keeping of prisoners
- An increase in the contractual fees
- An increase in collection of property taxes
- An increase in video poker revenue
- An addition of a sales tax

The final expenditure budget reported an increase of 20.18 % over the original budget amounts. The actual expenditures exceeded the final budgeted amount by only 0.34%.

Some of the reasons for the changes in the expenditure budget included:

- An increase in personnel cost and related benefits
- An increase in operating expenses
- An increase in materials and supplies
- An increase in capital outlays

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2005, was \$359,128.

Capital Assets

	Governmental Activities	
	2005	2004
Depreciable assets:		
Office equipment & furniture	\$ 183,179	\$ 157,508
Vehicles	<u>1,196,311</u>	<u>1,122,642</u>
Total depreciable assets	1,379,490	1,280,150
Less accumulated depreciation	<u>1,020,362</u>	<u>968,128</u>
Book value - depreciable assets	<u>\$ 359,128</u>	<u>\$ 312,022</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

At June 30, 2005, the depreciable capital assets for governmental activities were 73.97% depreciated versus 75.63% in the prior year. This comparison indicates that the Sheriff is replacing its assets at a steady rate. This percentage is a positive indicator.

The major additions to the vehicle account includes:
13 new vehicles for \$250,434 (average cost of \$19,264)

Debt Outstanding

At year end, the Sheriff's long-term debt is due to employees for uncompensated earned absences.

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Sheriff's finances, compliance with governmental financial reporting laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact Rodney Arbuckle, Sheriff, 205 Franklin, Mansfield, LA 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH SHERIFF
Mansfield, Louisiana
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
June 30, 2005

	General Fund	Nonmajor Funds	Total	Adjustments Note 1(D)	Statement of Net Assets
ASSETS					
Cash and Cash Equivalents	\$ 3,059,259	\$ 118,420	\$ 3,177,679	\$ -	\$ 3,177,679
Accounts Receivables	171,345	6,493	177,838	-	177,838
Due from other funds	34,151		34,151	(34,151)	
Prepaid Expenses	400		400	-	400
Capital Assets, Net of Accumulated Depreciation (See Note 6)	-			359,128	359,128
TOTAL ASSETS	\$ 3,265,155	\$ 124,913	\$ 3,390,068	\$ 324,977	\$ 3,715,045
LIABILITIES					
Liabilities:					
Accounts Payable	42,753		42,753	-	42,753
Due to other funds	-	34,151	34,151	(34,151)	
Long-term debt (See Note 7)	-		-	125,224	125,224
TOTAL LIABILITIES	42,753	34,151	76,904	91,073	167,977
FUND BALANCES/NET ASSETS					
Fund Balances:					
Reserved		54,592	54,592	(54,592)	-
Unreserved	3,222,402	36,170	3,258,572	(3,258,572)	-
TOTAL FUND BALANCES	3,222,402	90,762	3,313,164	(3,313,164)	
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,265,155	\$ 124,913	\$ 3,390,068	(3,222,091)	-
Net Assets:					
Invested in Capital Assets, Net of Related Debt				359,128	359,128
Restricted				54,592	54,592
Restricted for Debt Service				(125,224)	(125,224)
Unrestricted				3,258,572	3,258,572
TOTAL NET ASSETS				\$ -	\$ 3,547,068

DeSoto Parish Sheriff-General Fund
Mansfield, Louisiana
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Fund Balances/
Statement of Activities
June 30, 2005

	Fund Financial Statements				Government-Wide Statements
	General Fund	Nonmajor Funds	Total	Adjustments Note 1(D)	Statement of Activities
EXPENDITURES/EXPENSES					
Public Safety:					
Personal Services & Related Benefits	\$ 3,503,505	41,614	\$ 3,545,119	\$ 36,107	\$ 3,581,226
Operating Expenses	500,844	81,735	582,579	-	582,579
Materials & Supplies	491,441	34,943	526,384	-	526,384
Travel & Other Charges	19,115	1,519	20,634	-	20,634
Capital Outlays	246,285	17,820	264,105	(264,105)	-
Depreciation	-	-	0	212,022	212,022
Total Expenditures/Expenses	4,761,189	177,631	4,938,821	(15,976)	4,922,845
PROGRAM REVENUES					
Prisoner reimbursement fees	344,763		344,763	-	344,763
Contractual fees	578,775		578,775	-	578,775
Fines, forfeitures, and other fees	485,994	20,986	506,980	-	506,980
Operating grants and contributions	233,978	131,030	365,008	-	365,008
Total Program Revenues	1,643,509	152,016	1,795,526	-	1,795,526
Net Program Expense	3,117,680	25,615	3,143,295	(15,976)	3,127,319
GENERAL REVENUES					
Property taxes	2,249,123		2,249,123	-	2,249,123
Sales taxes	1,060,369		1,060,369	-	1,060,369
State revenue sharing	54,253		54,253	-	54,253
Video Poker	85,672		85,672	-	85,672
State grants	4,250		4,250	-	4,250
Miscellaneous income	9,727		9,727	-	9,727
Investment earnings	75,679	1,358	77,037	-	77,037
Total General Revenues	3,539,073	1,358	3,540,431	-	3,540,431
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	421,394	(24,257)	397,137	15,976	413,113
Other financing sources:					
Operating transfers in (out)	(11,253)	11,253	0	-	-
Sale of assets	21,027		21,027	(4,977)	16,050
Compensation for damaged assets	1,000		1,000	-	1,000
Total other financial sources	10,774	11,253	22,027	(4,977)	17,050
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES/CHANGE IN NET ASSETS	432,168	(13,004)	419,164	10,999	430,163
FUND BALANCE/NET ASSETS:					
Beginning of the Year	2,790,234	103,766	2,894,000	-	3,116,905
End of Year	\$ 3,222,402	\$ 90,762	\$ 3,313,164	\$ -	\$ 3,547,068

The accompanying notes are an integral part of the financial statements.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
Statement of Fiduciary Net Assets
June 30, 2005

	<u>Tax Collector Fund</u>	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Drug Seizures Escrow Fund</u>	<u>Inmate Fund</u>	<u>Total</u>
ASSETS						
Cash	\$ 711,047	\$ 88,270	\$ 180,187	\$ 23,392	\$ 2,657	\$ 1,005,553
Other Assets			83			83
TOTAL ASSETS	<u>\$ 711,047</u>	<u>\$ 88,270</u>	<u>\$ 180,270</u>	<u>\$ 23,392</u>	<u>\$ 2,657</u>	<u>\$ 1,005,636</u>
LIABILITIES						
Liabilities						
Held for other taxing bodies	\$ 711,047	\$	\$	\$	\$	\$ 711,047
Held for others pending court action		88,270	180,270	23,392		291,932
Held for inmates					2,657	2,657
TOTAL LIABILITIES	<u>711,047</u>	<u>88,270</u>	<u>180,270</u>	<u>23,392</u>	<u>2,657</u>	<u>1,005,636</u>
NET ASSETS	<u>\$ 711,047</u>	<u>\$ 88,270</u>	<u>\$ 180,270</u>	<u>\$ 23,392</u>	<u>\$ 2,657</u>	<u>\$ 1,005,636</u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
FIDUCIARY FUND TYPE- AGENCY FUNDS
 Statement of Changes in Net Assets
 For the year ended June 30, 2005

	Tax Collector Fund	Civil Fund	Criminal Fund	Drug Seizures Escrow Fund	Inmate Fund	Total
Additions:						
Deposits:						
Sheriff's sales		602,319				602,319
Fines, Forfeitures, and costs			1,221,211			1,221,211
Garnishments		148,106				148,106
Seizures, bonds, etc			85,281	11,774		97,055
Taxes, fees, etc., received						
Ad valorem taxes:						
Current year	20,280,631					20,280,631
Prior year	12,969					12,969
Protested	153,236					153,236
State revenue sharing	542,995					542,995
Interest on:						
Operating account	4,154					4,154
Delinquent taxes	8,431					8,431
Prior year taxes	3,500					3,500
Cost of tax notices, etc.	18,742					18,742
Redemptions	34,815					34,815
Other additions	4,007					4,007
Total additions	21,063,480	750,425	1,306,492	11,774	73,010	23,205,181
Deductions:						
Settlement payments to:						
Louisiana Dept of Forestry	25,585					25,585
Red River Levee District	3,087					3,087
Louisiana Tax Commission	7,539					7,539
DeSoto Parish:						
Sheriff's General Fund	2,372,178	90,735	203,582			2,666,495
Clerk of Court	5,760	22,714	50,048			78,522
Police Jury	2,870,233		404,782			3,275,015
School Board	10,885,103					10,885,103
Parish Library	525,286					525,286
Assessor	592,105					592,105
Municipalities			8,864			8,864
District Attorney			185,361	1,913		187,274
Communications District	178,683					178,683
Criminal Court Fund			198,791			198,791
Litigants, attorneys		141,770				141,770
Pension Funds	585,157					585,157
Northwest Crime Lab			57,977			57,977
Northwest Juvenile Detention			36,139			36,139
Louisiana Rehabilitation			37,078			37,078
Fire Protection District No. 1	204,420					204,420
Fire Protection District No. 2	67,339					67,339
Fire Protection District No. 5	126,437					126,437
Fire Protection District No. 8	694,380					694,380
Fire Protection District No. 9	78,522					78,522
Water District No. 1	976,135					976,135
Ambulance Service District	676,923					676,923
Other Settlements			42,646			42,646
Refunds	35,607		66,023			101,630
Other reductions		458,892			72,089	530,981
Total reductions	20,910,479	714,111	1,267,281	1,913	72,089	22,965,863
Change in Net Assets	153,001	36,314	39,201	9,861	941	239,318
Net Assets, beginning	558,046	51,966	141,069	13,531	1,716	766,318
Net Assets, ending	\$ 711,047	\$ 88,270	\$ 180,270	\$ 23,392	\$ 2,657	\$ 1,005,638

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

INTRODUCTION

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term, as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff also administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court and serving subpoenas. As the ex-officio tax collector of the parish, the Sheriff is responsible for the collection and distribution of ad valorem property taxes, state revenue sharing funds, fines, costs, and bond forfeitures imposed by the district court.

The Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, and other programs, et cetera. Additionally, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, and fines, costs and bond forfeitures imposed by the district court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the DeSoto Parish Sheriff have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for the establishment of governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis— for State and Local Governments*, issued in June, 1999.

B. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and activities that are controlled by the Sheriff as an independently elected parish official. The Sheriff is solely responsible for the operations of his office, which include the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The DeSoto Parish Police Jury maintains and operates the building in which the Sheriff's office is located and provides funds for some equipment and furniture for the Sheriff's office. Because the Sheriff is fiscally dependent on the Police Jury, the Sheriff was determined to be a component unit of the DeSoto Parish Policy Jury. The accompanying financial statements present information only on the funds maintained by the DeSoto Sheriff. There are no component units to be included in the Sheriff's reporting entity.

C. Fund Accounting

The Sheriff used funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

C. Fund Accounting (continued)

The amounts reflected in the governmental funds financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are generally included on the Balance Sheet. The Sheriff reports the following governmental funds:

General Fund. The general fund, as provided by Louisiana Revised Statute 33:1422 is the principal fund and is used to account for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax and sales tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, and various other reimbursements, fees, grants, and commissions. General operating expenditures are paid from this fund.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of specific revenue sources such as ad valorem taxes, sales, taxes, and federal grants. Those revenues are legally restricted, either by tax proposition or grant agreement, to expenditures for specified purposes. Per criteria for FFS above, these funds are presented as nonmajor funds in the governmental fund financial statements.

Fiduciary Fund financial statements include a Statement of Net Assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds, which are custodial in nature (assets equal liabilities); do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.
Government-Wide Financial Statements (GWFS)

D. Basis of Accounting/Measurement Focus

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 D.

DeSoto Parish Sheriff
Mansfield, Louisiana
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Basis of Accounting/Measurement Focus (continued)

required that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Gaming tax revenues are recorded in the period during which the exchange transactions on which the tax is imposed occur. *Fines, forfeitures, fees and court costs are recognized in the period they are released for distribution by the Courts.*

Federal and state entitlements are recorded as unrestricted grants-in-aid when available and measurable. Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the Sheriff must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Sheriff on a reimbursement basis.

Interest earnings on deposits are recorded when earned.

Those revenues susceptible to accrual are sales taxes, property taxes, grants, contracts, interest revenue and charges for services. Substantially all other revenues, including fines, forfeitures and commissions, are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures

Salaries and related benefits are recorded when employee services are provided.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Substantially all other expenditures are recognized as expenditures when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets and compensation for loss of assets are accounted for as other financing sources (uses). These other sources (uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Sheriff as a whole. These statements include all the financial activities of the Sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disburses). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

Basis of Accounting/Measurement Focus (continued)

A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The following reconciling schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements.

<i>Statement A</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	\$	359,128
Compensated absences payable		125,224
Due to funds are eliminated in consolidation		34,151

<i>Statement B</i>		
Capital outlays which are considered expenditures in governmental funds	\$	264,105
Cost is allocated over their estimated useful lives and reported as depreciation expense		212,022
Excess of compensated absences earned over compensated absences used		36,107
Loss on sale of asset		4,977

E. Budgets

Proposed budgets, prepared on the modified accrual basis of accounting, are published in the official journal at least 10 days prior to the public hearing. Public hearings are held at the Sheriff's office during the month of June for comments from taxpayers. The budgets are then legally adopted by the Sheriff and amended during the year, as necessary. Budgets are established and controlled by the Sheriff at the object level of expenditure. The Sheriff must approve all changes or amendments to the budget. The general fund budget was amended during the year.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and the final budget which includes all amendments.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts or nonnegotiable certificates of deposit. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

G. Investments

Under Louisiana Revised Statute (R.S.) 33:2955, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Under this definition the Sheriff does not have any investments.

H. Compensated Absences

The Sheriff has the following policy relating to vacation and sick leave:

After one year of service, all regular, full-time employees are granted 10 days of vacation leave each year. With 12 years plus continuous service with the DeSoto Parish Sheriff, employees are granted 15 days vacation each year. Vacation leave may be accumulated and carried forward to succeeding years. Upon termination of employment, employees are paid for up to 160 hours of accumulated vacation leave. Sick leave is granted on a case-by-case basis, at the discretion of the Sheriff. Compensatory time-off can be accrued for overtime work.

The Sheriff's recognition and measurement criteria for compensated absences follow:

The vacation leave is accrued as a liability as the benefits are earned by the employees. Sick leave is not accrued.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment and furniture	5-20
Vehicles	5

J. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

K. Prepaid Items

Prepaid items consist of insurance paid in the current year for the next period.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

M. Restricted Net Assets

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

N. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those amounts.

2. LEVIED TAXES

The Sheriff was authorized an ad valorem tax millage of 13.26 mills and levied taxes of 13.26 mills for 2005. Ad valorem taxes are recorded in the year the taxes are assessed.

Total assessed value was \$205,043,138 in 2004. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$33,441,125 of the assessed value in 2004. The following are the principal taxpayers for the parish and their 2004 assessed valuation (amounts expressed in thousands):

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
International Paper Co.	Manufacturing	\$34,323	20.00%
Central La. Electric Co.	Utility	30,780	17.94%
Southwestern Electric	Utility	27,708	16.15%
Total		<u>\$92,811</u>	<u>54.09%</u>

The DeSoto Sheriff passed a one-half of one percent (1/2%) sales and use tax on July 17, 2004. Collection of the tax began October 1, 2004. These funds are dedicated to paying salaries and benefits for the law enforcement personnel of the Sheriff. The amount of sales tax collected for year ended June 30, 2005 was \$1,045,601.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
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3. CASH

At June 30, 2005, the Sheriff has cash in interest bearing and non-interest bearing accounts (book balance) totaling \$4,186,563 as follows:

Demand deposits	\$	441,635
Interest-bearing demand deposits		3,744,227
Petty Cash		700
Categorized bank deposits	\$	<u>4,186,563</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposits (collected bank balances) at June 30, 2005, are \$4,294,129. These deposits are secured from risk by \$363,029 of federal deposit insurance and \$10,143,792 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the Sheriff's name.

At June 30, 2005, the balance in the Louisiana Asset Management Pool, Inc. (LAMP) account is \$547,995, (See summary of Significant Accounting Policies Note E.) In accordance with GASB Codification 150.164, the balance in the LAMP account is not categorized in the three risk categories provided by GASB Codification 150.164 because the balance is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an interest in the pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Therefore, under GASB 9, the Sheriff classifies this account as cash.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

4. RECEIVABLES

The following is a summary of receivables at June 30, 2005:

	General Fund	Nonmajor Funds	Total
Intergovernmental revenues:			
State supplement pay	\$ 20,935		\$ 20,935
Community service reimbursement	1,939		\$ 1,939
Federal grants		5,143	5,143
Probation officer	19,315		19,315
Bond fees, fines and forfeitures	14,600		14,600
Civil fees and sales	21,994		21,994
Ad valorem tax	2,501		
Fees, charges, and commissions for services:			
Court attendance	306		306
Transporting of prisoners	647		647
Feeding and keeping prisoners	7,529		7,529
Local security contracts	21,248		21,248
Southern Research background checks	38,894		38,894
Other	21,438	1,350	22,788
Totals	<u>\$ 171,345</u>	<u>\$ 6,493</u>	<u>\$175,337</u>

All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

5. INTERFUND RECEIVABLES/PAYABLES

The Sheriff transfers from the General Fund into the nonmajor funds in anticipation of grant revenues that will be received by these funds. When the revenues arrive, the general fund is repaid. Individual balances reported as Interfund receivables/payables from/to other funds at June 30, 2005, are as follows:

	General Fund	Nonmajor funds		
		Task Force Budget Fund	Grant Fund	Total
Interfund receivable	\$ 34,151	\$		34,151
Interfund payables		(33,837)	(314)	(34,151)
Total	<u>\$ 34,151</u>	<u>\$ (33,837)</u>	<u>\$ (314)</u>	<u>0</u>

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
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6. CAPITAL ASSETS

A summary of changes in office furnishings, equipment and vehicles follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>07/01/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/05</u>
Depreciable assets:	\$	\$	\$	\$
Office equipment & furniture	157,508	25,671		183,179
Vehicles	1,122,642	250,434	176,765	1,196,311
Total depreciable assets	1,280,150	276,105	176,765	1,379,490
Less accumulated depreciation	968,128	212,022	159,788	1,020,362
Capital assets, net	\$ 312,022	64,083	-	\$ 359,128

Depreciation expense in the amount of \$212,022 was charged to public safety.

7. LONG-TERM DEBT

The following is a summary of long-term debt transactions (compensatory time) for the year ended June 30, 2005:

	<u>Long-term</u> <u>debt</u>
Compensated absences at July 1, 2004	\$ 89,177
Additions	125,224
Deductions	(89,177)
Compensated absences at June 30, 2005	\$ 125,224

8. PENSION PLAN

Plan Description. Substantially all employees of the DeSoto Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who were between the ages of 18 and 50 at the time of original employment, are found to be physically fit, and who earn at least \$400 per month are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5% for each year if total service is at least 12 but less than 15 years, 2.75% for each year if total service is at least 15 but less than 20 years, and 3% for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25% for all service rendered on or after January 1, 1980.) In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

DeSoto Parish Sheriff
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Notes to the Basic Financial Statements
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8. PENSION PLAN (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Funding Policy. Plan members are required by state statute to contribute 9.8 percent of their annual covered salary and the DeSoto Parish Sheriff is required to contribute at an actuarially determined rate to the pension plan. The current rate is 7.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the DeSoto Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The DeSoto Parish Sheriff's contributions to the System for the years ended June 30, 2005, 2004, and 2003 were \$260,961, \$207,880, and \$167,096, respectively, equal to the required contributions for each year.

9. OTHER POST-EMPLOYMENT BENEFITS

According to the R.S. 33:1448(G), the Sheriff is required to pay the costs of group medical and dental insurance and for the first ten thousand dollars of life insurance for all Sheriffs' and Deputy Sheriffs' retired with at least fifteen years of service who are at least fifty-five years of age. For the year ended June 30, 2005, there were five retirees receiving these benefits and the total amount of premiums paid for them totaled \$7,186.

10. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follows:

FUND	Balance			Balance
	July 1, 2004	Additions	Deductions	June 30, 2005
Tax collector	558,046	\$ 21,063,476	\$ 20,910,475	\$ 711,047
Civil	51,956	750,425	714,111	88,270
Criminal	141,459	1,306,492	1,267,290	180,661
Drug Seizures Escrow	13,531	11,774	1,913	23,392
Inmate Commissary	1,716	73,010	72,069	2,657
Totals	<u>\$ 766,708</u>	<u>\$ 23,205,177</u>	<u>\$ 22,965,858</u>	<u>\$ 1,006,027</u>

11. RESTRICTED NET ASSETS/FUND BALANCE RESERVE

The following schedule summarizes restricted net assets and the reserves at June 30, 2005:

	Fund Balance Reserve		Restricted Net Assets
	General Fund	Nonmajor Funds	
Task Force		6,265	6,265
DARE		48,327	48,327
Total	<u>\$ -</u>	<u>\$ 54,592</u>	<u>\$ 54,592</u>

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

12. LITIGATION AND CLAIMS

At June 30, 2005, the DeSoto Parish Sheriff was involved in eight lawsuits which were either adequately covered by liability insurance or, in the opinion of the Sheriff's legal counsel, will not result in any liability to the Sheriff.

The Sheriff receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the agreements. In the opinion of management, such disallowance, if any, would be insignificant.

13. RISK MANAGMENT

The Sheriff is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Sheriff maintains commercial insurance policies covering: automobile liability, medical payments, uninsured motorist, and collision; health insurance providing 100 percent coverage for any employee injured while on the job; and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. In addition to the above policies, the Sheriff also maintains a liability insurance policy with the Louisiana Sheriffs' Risk Management Program. No claim has been paid on the policy during the past three years nor is the Sheriff aware of any unfilled claims.

14. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 2005, the DeSoto Parish Sheriff participated in the following federal financial assistance programs:

Program Title	CFDA Number	Grant Number	Issues/ Expenditures
United States Department of Justice			
Passed through Louisiana Commission on Law Enforcement and Administration of Criminal Justice:			
Multi-Jurisdictional Task Force	16.579	B02-1-014	57,756
DARE Education	16.579	EO5-1-005E04	21,291
Direct Program--Local Law Enforcement Block Grant	17.729	2004LBBX0504	17,729
Total Federal Financial Assistance			<u>\$ 96,776</u>

The DeSoto Parish Sheriff's office administers monies received for Homeland Security/Emergency Preparedness Grants that are distributed by the DeSoto Parish Police Jury. This revenue is recorded by the Police Jury.

16. TAXES PAID UNDER PROTEST

The net assets held for others in the Tax Collector agency fund at June 30, 2005, as reflected in Statement G, reflect taxes paid under protest, plus interest earned to date on these funds. These funds are held pending resolution of the protest.

17. RELATED PARTY TRANSACTIONS

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended June 30, 2005.

DeSoto Parish Sheriff
Mansfield, Louisiana
Notes to the Basic Financial Statements
June 30, 2005

18. NONMAJOR FUNDS

The following summarizes the activities occurring within the nonmajor funds:

Balance Sheet, June 30, 2005

	Task Force Budget Fund	Task Force Program Income Fund	DARE Fund	Commissary Fund	Grant Fund	Total
ASSETS						
Cash	\$ 40,103	\$ 29,103	\$ 41,833	\$ 6,951	\$ 430	\$ 118,420
Receivables			6,493			6,493
Prepaid expenses						
TOTAL ASSETS	\$ 40,103	\$ 29,103	\$ 48,326	\$ 6,951	\$ 430	\$ 124,913
LIABILITIES & FUND EQUITY						
Liabilities:						
Due to other taxing bodies	\$	\$	\$	\$	\$	\$
Interfund payables	33,837				342	34,179
Total liabilities	33,837				342	34,179
Fund equity:						
Fund balance:						
Reserved	6,266		48,326			54,592
Unreserved-undesignated		29,103		6,951	88	36,142
Total Fund Equity	6,266	29,103	48,326	6,951	88	90,734
TOTAL LIABILITIES & FUND EQUITY	\$ 40,103	\$ 29,103	\$ 48,326	\$ 6,951	\$ 430	\$ 124,913

Statement of Revenues, Expenditures, and Change in Fund Balance, June 30, 2005

	Task Force Budget Fund	Task Force Program Fund	DARE Fund	Commissary Fund	Grant Fund	Total
REVENUES						
Fees, Fines, Commissions and Charges for Services	\$	\$ 5,996	\$ 14,990	\$	\$	\$ 20,986
Operating Grants and Contributions						
Federal grants	57,756		21,291		17,729	96,776
State grants						
Tri-Parish matching funds	11,815					11,815
Other financing sources						
Interest			1,136		222	1,358
Miscellaneous				22,439		22,439
TOTAL REVENUES	69,571	5,996	37,417	22,439	17,951	153,374
EXPENDITURES						
Public safety:						
Current						
Personal services and related benefits	20,819	1,400	19,395			41,614
Operating services	45,670	14,098	11,500	10,467		81,735
Materials and supplies	9,462	9,482	3,956	10,030	2,013	34,943
Travel and other charges	364	524	631			1,519
Capital outlay					17,820	17,820
TOTAL EXPENDITURES	76,315	25,504	35,482	20,497	19,833	177,631
EXCESS (DEFICIENCY) OF REVENUES						
OVER EXPENDITURES	(6,744)	(19,508)	1,935	1,942	(1,882)	(24,257)
Other financing source-Transfer from General Fund	9,283				1,970	11,253
FUND BALANCES, BEGINNING OF YEAR	3,727	48,611	46,391	5,009	28	103,766
FUND BALANCES, END OF YEAR	\$ 6,266	\$ 29,103	\$ 48,326	\$ 6,951	\$ 116	\$ 90,762

REQUIRED SUPPLEMENTARY INFORMATION

DeSoto Parish Sheriff-General Fund
Mansfield, Louisiana
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual--General Fund
June 30, 2005

	Original	Final	General Fund	Variance with Final Budget Positive(Negative)
EXPENDITURES/EXPENSES				
Public Safety:				
Personal services & related benefits	\$ 2,994,052	\$ 3,519,902	\$ 3,503,505	\$ 16,398
Operating expenses	332,650	500,700	500,844	(144)
Materials & supplies	315,747	487,747	491,441	(3,694)
Travel & other charges	23,500	19,200	19,115	85
Capital outlays	147,500	249,900	246,285	3,615
Total Expenditures/Expenses	3,813,448	4,777,448	4,761,189	16,259
PROGRAM REVENUES				
Prisoner reimbursement fees	289,900	345,100	344,763	(337)
Contractual fees	408,250	578,150	578,775	625
Fines, forfeitures, and other fees	463,100	485,994	485,994	0
Operating grants and contributions	234,000	233,750	233,978	228
Total Program Revenues	1,395,250	1,642,994	1,643,509	516
Net Program Expense	2,418,198	3,134,454	3,117,680	15,743
GENERAL REVENUES				
Property taxes	2,226,200	2,248,350	2,249,123	773
Sales taxes	-	1,080,350	1,060,369	19
State revenue sharing	57,000	54,250	54,253	3
Video Poker	49,500	85,500	85,672	172
State grants	2,500	4,250	4,250	0
Miscellaneous income	8,700	9,700	9,727	27
Investment earnings	75,600	75,600	75,679	79
Total General Revenues	2,419,500	3,538,000	3,539,073	1,073
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	1,302	403,546	421,394	(17,848)
Other financing sources:				
Operating transfers in (out)	(11,253)	(11,253)	(11,253)	0
Sale of assets	15,000	21,000	21,027	(27)
Compensation for damaged assets	15,500	1,000	1,000	0
Total other financial sources	19,247	10,747	10,774	(27)
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES/CHANGE IN NET ASSETS	20,549	414,293	432,168	(17,875)
FUND BALANCE/NET ASSETS:				
Beginning of the Year	2,790,234	2,790,234	2,790,234	0
End of Year	\$ 2,810,783	\$ 3,204,527	\$ 3,222,402	\$ (17,875)

The accompanying notes are an integral part of the financial statements.

OTHER REPORTS

Deborah D. Dees, MBA, CPA



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CERTIFIED PUBLIC ACCOUNTANT

**Report on Compliance and on Internal Control over Financial Reporting Based
on an Audit of Financial Statements Performed in Accordance with *Government
Auditing Standards***

DeSoto Parish Sheriff
Mansfield, Louisiana

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2005, and have issued my report thereon dated December 23, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the DeSoto Parish Sheriff's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the DeSoto Parish Sheriff's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the DeSoto Parish Sheriff, management of the Sheriff's office and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deborah D. Dees CPA

Mansfield, Louisiana
December 23, 2005

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2005

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

I have audited the basic financial statements of the DeSoto Parish Sheriff as of and for the year ended June 30, 2005, and have issued my report thereon dated December 23, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2005, resulted in an unqualified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING:

Internal Control

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS:

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

Internal Control

Material Weaknesses ☐ Yes ☒ No
Other Conditions ☐ Yes ☒ No

FEDERAL AWARDS

Not applicable

FINANCIAL STATEMENT FINDINGS

None.

DESOTO PARISH SHERIFF
Mansfield, Louisiana
Schedule of Prior Year Findings
For the Year ended June 30, 2005

2004-1 Pledged securities, resolved.

2004-2 Old outstanding checks. Work in progress.